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ABSTRACT

Though the budget of the Community College of Baltimore (CCB) increased 488% from 1967 to 1979, CCB expenditures and tuition rates show a marked decline when adjusted for inflation through the use of the Higher Education Price Index. While CCB expenditures per full-time equivalent (FTE) student rose from $1,080 in 1967 to a projected $1,896 in 1980, real dollar figures (base year 1967) show that expenditures per FTE student actually declined 23%. And though tuition rates during the same time period rose 92% for full-time students and 80% for part-time students, real dollar tuition rates dropped 16% and 21% respectively. To maintain educational quality despite inflation, CCB has assigned additional duties to its non-instructional professional staff and increased the use of part-time instructors. Though this has increased the full-time faculty to student ratio, the college has been able to maintain its FTE student to FTE faculty ratio at approximately 22 to 1. However, more real dollars per FTE student are required, and legislation providing greater state expenditures is desirable. (JP)

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THE FINANCIAL SURVIVAL OF C. C. B.

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During the last thirteen years (1967-1979), the Community College of Baltimore has experienced tremendous growth. Student F. T. E.'s (1) have increased from 1,961 in FY '67 to 6,363 in FY '78, before declining to 5,616 in FY '79 (286%). The General Funds portion of the budget has grown from $2,118,883 to $11,720,613 in FY '78 prior to decreasing to $10,349,116 in FY '79 (488%). Physical facilities have expanded by approximately 130,000 net assignable square feet to 322,245 (167%).

For the last ten years, inflation has affected most sectors of human life. On the average, people are paying $2.15 today for an item which cost $1.00 in 1967. The College's expenditures have been affected in a similar fashion. Therefore, much of the increase in its budget is used to cover the costs of inflation. A question arises as to whether the College's budget has increased sufficiently to compensate for inflation and enrollment growth in order to maintain quality? There is also the question as to whether or not students are paying more tuition in real dollars today than in 1967.

The study of the effects of inflation on higher education is a relatively new phenomenon. It has involved extensive review of price increases of goods and services which are required to operate an educational institution. The impact of inflation on C. C. B's expenditures and its rate of tuition can be determined through the use of the Higher Education Price Index (H.E.P.I.). The Index enables the College to determine the real or constant dollars available from each revenue source and for spending in terms of 1967 dollars. (2)

(1) F.T.E.=full-time equivalent. It refers to students taking 30 credits or faculty teaching a full load of courses.

(2) Components of the Increase in College Operating Expenditures Since 1967, David F. Armstrong, Montgomery College, 1978.

In 1967, the College's expenditure per F.T.E. in both current and real dollars was $1,080. The real and current dollars were the same amount in 1967 because 1967 was the base year for the H.E.P.I. By fiscal 1971, the College was spending $1,470 in current dollars or $1,148 in constant dollars. That year represented C.C.B.'s largest expenditure per F.T.E. in constant dollars, but not the largest expenditure in current dollars. Current expenditures have continued to rise to a projected amount of $1,896 for FY '80. However, real expenitures per F.T.E. have been on a downward trends with only periodic deviations upward. This indicates that C.C.B. actually has less "real" money to expend per F.T.E. today than in 1967. This is despite the 488% increase in its budget. These additional funds have been consumed by F.T.E. growth and inflation. (Table 1).

The College will be operating on a projected budget of $828 constant dollars per F.T.E. in FY '80 as compared to $1,148 in FY '71, a decrease of nearly 28%. However, the current dollars per F.T.E. will be at their highest level of $1,896. If C.C.B. were to have the same amount of real dollars in FY '80 that it had in FY '67, its current cost per F.T.E. would have to increase to $2,473. To accomplish this, its budget would have to increase to $13,107,960, an increase of over three million dollars. An increase of this magnitude would be extremely difficult to accomplish since it all would have to come from Baltimore City and student tuition according to current State legislation. Neither the City nor the students can afford an additional expenditure of this magnitude.

Eighty percent of the College's day students and many evening students only are able to enroll at C.C.B. with the help of financial aid. To gain the additional revenue necessary to achieve a $2,473 cost per F.T.E., tuition rates would have to double. This would cause a significant decrease in enrollment unless sufficient additional federal financial aid funds became available, which is extremely unlikely. Also, the doubling of tuition would place the College at an extreme cost disadvantage with neighboring community colleges. The College's enrollment would decline severely as

TABLE 1

COMMUNITY COLLEGE OF BALTIMORE

Annual Operating Expenditures And Costs Per F.T.E.

Fiscal Years 1967-1980

FY	Higher Education Price Index (1)(2)	General Fund Expenditures(3)	F.T.E.(3)	Cost/F.T.E. (3) in (5) Current Dollars (6)	Cost/F.T.E. in (5) Constant Dollars (Base-1967) (7)
1967	1.00	2,118,883	1,961	$ 1,080	$ 1,080
1968	1.06	2,637,834	2,412	1,094	1,032
1969	1.13	3,225,122	2,400	1,344	1,189
1970	1.21	4,358,999	3,560	1,224	1,012
1971	1.28	5,818,890	3,959	1,470	1,148
1972	1.36	6,434,185	4,859	1,324	974
1973	1.43	6,272,582	4,524	1,387	970
1974	1.53	6,828,582	4,183	1,632	1,067
1975	1.66	8,379,896	5,294	1,583	954
1976	1.77	10,052,713	6,315	1,592	899
1977	1.89	11,365,199	6,086	1,867	988
1978	2.02	11,720,613	6,363	1,842	912
1979	2.15	10,349,116 (4)	5,616	1,843	857
1980	2.29	10,048,015 (4)	5,300	1,896	828

Notes:

(1) Halstead, D.K., Higher Education Prices and Price Index, 1977, Supplement, National Institute of Education, D.H.E.W., 1977. Fiscal years 1967 to 1977.
(2) For fiscal years, 1978 to 1980, numbers were provided by D.H.E.W. based on an annual inflation rate of 6.6%.
(3) Source - City Budget Books. Cost figures include debt service costs. F.T.E.'s are based on 30 credits.
(4) Estimated
(5) Rounded to the nearest whole dollar.
(6) Current dollars are the actual amount of dollars provided for a particular fiscal year.
(7) Constant dollars are Current dollars reduced by the magnitude of inflation with 1967 being the base year.

a result of such a tuition increase. This would cause an overall loss of funds, especially State Aid.

Baltimore City would not be able to provide the additional funds either. In each of the last two years, it has decreased the College's budget in order to balance its own budget. Clearly, the College's greatest hope for additional revenues must lie with greater state expenditures resulting through new legislation. (3)

C.C.B. is not alone in experiencing a decline in constant dollars per F.T.E. Since FT '74, the average real cost per F.T.E. for all community colleges in Maryland has decreased. In FY '74, the statewide average was $1,117 per F.T.E. By FY '77, it had declined to $950, rising to $973 in FY '78. Montgomery College, which is located in the wealthiest county in Maryland (4), had a continual decline in its constant cost per F.T.E. during this period. (Table II)

In order to operate a much larger institution on fewer real dollars per F.T.E., C.C.B. had reorganized and significantly increased the use of part-time personnel. Now, the duties of full-time administrators are being expanded wherever possible to decrease the number of part-time non-instructional staff. These greater efficiencies are curtailing costs and hopefully maintaining quality. The issue of educational quality will not be discussed in depth in this paper. Other reports are available on this subject.

It is frequently believed that a lower ratio of personnel to students improves educational quality. The College has taken steps to retain as many instructional faculty as possible. The ratio of F.T.E. students to full-time faculty has increased from 26.3 to 1 in FY '73 to 33.0 to 1 in FY '79, an increase of 25%. However, part-time faculty have been hired to keep the ratio of F.T.E. students to F.T.E. faculty in the 22 to 1 range.

(3) Funding to Fit the Mission of Community Colleges in the 1980's, D. Armstrong, W. Campbell, P. Larkin, L. Nespoli, and C. Opacinch, 1979.

(4) "Montgomery County," The Sunday Sun, August 12, 1979. Trend Section, p. 1.

TABLE II

COMMUNITY COLLEGE OF BALTIMORE

A Comparison of Costs Per F.T.E. In Constant Dollars At C.C.B., Montgomery College, and All Maryland Community Colleges Combined Fiscal 1974-1978

FY	Cost Per F.T.E. In Constant Dollars (1)		
	C.C.B.	Montgomery (2)	Statewide Average (3)
1974	1,067	1,274	1,117
1975	954	1,222	1,062
1976	899	1,175	960
1977	988	1,181	950
1978	912	1,158	973

(1) 1967 is the base year

(2) Components of the Increase in College Operating Expenditures Since 1967, David F. Armstrong, Montgomery College, 1978, p. 3.

(3) Funding to Fit the Mission of Community Colleges in the 1980's, David F. Armstrong, William Campbell, Paul Larkin, Lawrence Nespoli, Cheryl Opacinch, 1979, p. 6.

In contrast, the ratio of F.T.E. students to the number of full-time administrators and other professional staff members has increased dramatically during this period. From a ratio of 59.6 to 1 in FY '73, it has risen to 75.9 to 1 in FY '79, an increase of 27%. The College hires no part-time administrators and few part-time other professionals who would improve this situation. This fact indicates the clear intention of management to maintain a strong instructional faculty. This decision has placed additional responsibilities on each non-instructional professional staff member because of enrollment growth and increased government regulation, reporting, and accountability.

The only personnel category to show a lower or improved ratio during this period is the non-professional area. The ratio of F.T.E.'s to full-time non-professional staff members improved from 45.6 to 1 in FY '73 to 32.8 to 1 in FY '79. This improvement resulted from the hiring of more Civil Service personnel with the opening of the Harbor Campus and the Nursing Building. The ratio of F.T.E. students to total full-time staff remained approximately the same from FY '73 to FY '79. It increased slightly to 13.5 to 1 from 13.0 to 1.

In FY '67, C.C.B.'s full-time students were paying $112.50 tuition per semester while its part-time students were paying $10.00 per credit hour. In FY '80, its full-time students will be paying $216.00 per semester and part-time individuals will be paying $18.00 per credit hour. This represents an increase of 92% for full-time students and 80% for part-time students. However, in terms of constant dollars, today's full-time students are paying only $94.32 per semester while its part-time students are paying only $7.86 per credit. Therefore, full-time students are actually spending 16.2% less today than their counterparts while part-time students are spending 21% less. Today's students are extremely fortunate in being required to pay fewer constant dollars than students in 1967. (Table III)

In conclusion, C.C.B. is planning to spend $1,896 current dollars per F.T.E. in FY '80, an increase of 76% from 1967. However, in terms of constant dollars, it will spend only $828 or $252 less than in 1967. This is a 23% decline. Colleges throughout

TABLE III

COMMUNITY COLLEGE OF BALTIMORE

Tuition Pricing

Fiscal Years 1967-1980

FY	Higher Education Price Index (1)	Tuition Charge for City Residents (Current Dollars)		Tuition Charge Adjusted by H.E.P.I. (Constant Dollars)	
		Full-Time Students	Part-Time Students (2)		
1967	1.00	$112.50	$10.00	$112.50	$10.00
1971	1.28	150.00	12.00	117.19	9.38
1975	1.66	150.00	12.50	90.36	7.53
1979	2.15	180.00	18.00	83.72	8.37
1980	2.29	216.00	18.00	94.32	7.86

(1) Halstead, D.K., Higher Education Prices and Price Indexes, 1977, Supplement, National Institute of Education, D.H.E.W., 1977, Fiscal Years 1967 to 1977. For fiscal years, 1978 to 1980, numbers were provided by D.H.E.W. based on an annual inflation rate of 6.6%.
(2) Cost per credit hour.

Maryland are facing this same problem.

C.C.B. has reorganized, increased the use of part-time personnel, and assigned additional duties to its non-instructional professional staff to improve efficiency and effectiveness. The College has been able to maintain its F.T.E. student to F.T.E. facuty ratio at approximately 22 to 1 despite an increase in the full-time faculty to student ratio by employing part-time personnel.

Currently, full-time students are paying 92% more than students in 1967, whereas part-time students are spending 80% more than their 1967 counterparts. However, in terms of real dollars, today's full-time students are paying 16% less than the 1967 student while part-time students are spending 21% less.

Community colleges need additional funding per F.T.E. to increase their real dollar expenditures. Personnel in colleges like C.C.B. must do considerable additional work compared to employees in 1967 to maintain quality education. Many individuals are being pushed to the limits of their abilities to accomplish this objective. In the future, colleges must receive additional real dollars per F.T.E. student or educational quality will suffer. Since the students and Baltimore City are not able financially to provide this funding, the State of Maryland is the only logical source.

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